



Bob Rivet
Chief Financial Officer
November 6, 2003

We Have Taken Bold and Difficult Steps to Deliver Profitability



Metric	Q3 2002 performance	Q3 2003 performance	Improvement
Sales	\$508M	\$954M	88%
Sales per employee - annualized	\$152,000	\$264,000	74%
Operating expenses	\$833M	\$984M	(18%)
Gross margin	11%	34%	23% pts
SG&A (\$)	\$151M	\$159M	(5%)
SG&A (% of revenues)	31%	16%	15% pts
Operating income	(\$325M)	(\$30M)	91%
MPU inventory in channel	14.9 wks	3.3 wks	11.6 weeks

Phase 1. Plan

Sustainable
Prosperity

Objective:

- Implement short term initiatives to improve profitability and bolster capital structure

Status:

- COMPLETE

PHASE 1 COMPLETED

1. Rebalanced PC Supply Chain Inventory

2. Bolstered Capital Structure

- Reduced Capital Expenditure
- Asset financing
- Convertible debt offering
- Restructured Dresden debt

3. Reduced AMD's Breakeven Point

- Quarterly breakeven point reduced from \$900m+ to below \$800m
 - Reduced work force
 - Transitioning to more variable cost structure
 - Established AMD/IBM Joint Technology Agreement

AMD's Multi-phased Plan – Phase Two



Objective:

- Implement short term initiatives to improve profitability and bolster capital structure
- Strategically variabilize cost structure and produce top line lift
- Drive organizational change to a more disciplined, profit focused culture

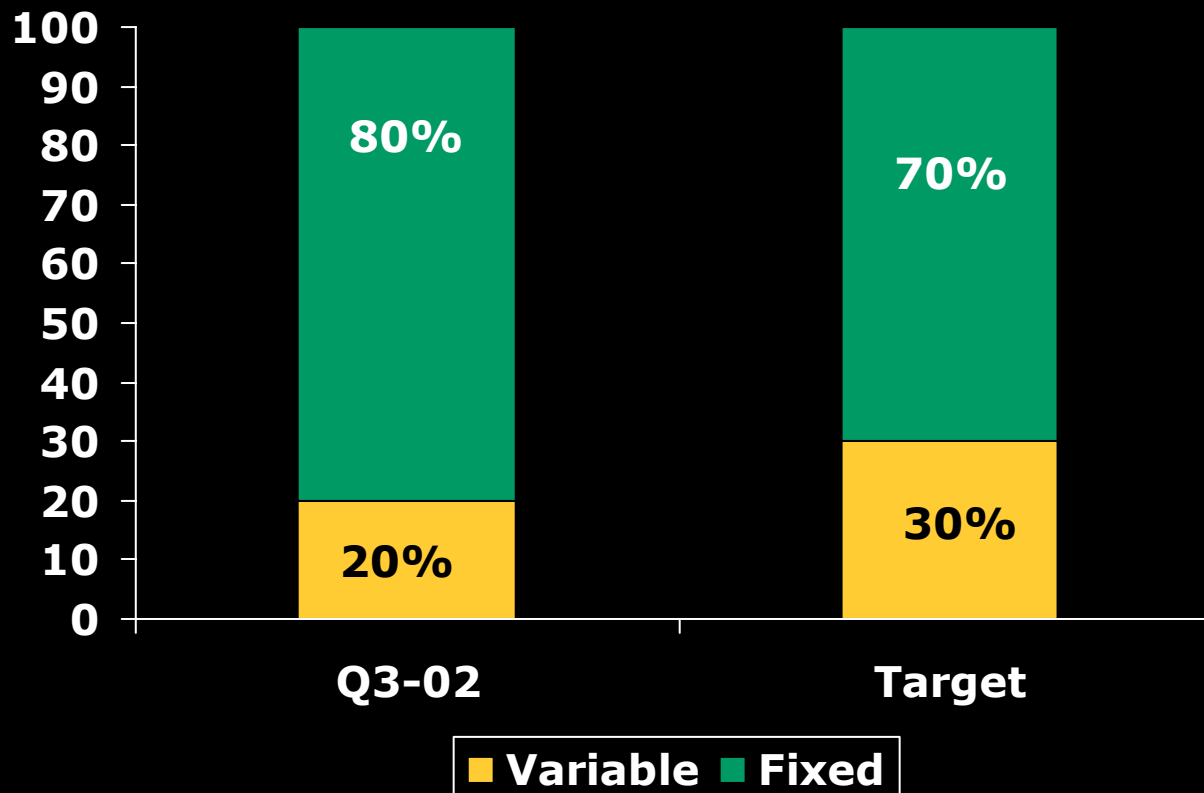
Status:

- COMPLETE
- In progress

Target Cost Structure



- Aim to increase variable costs as a % of overall costs

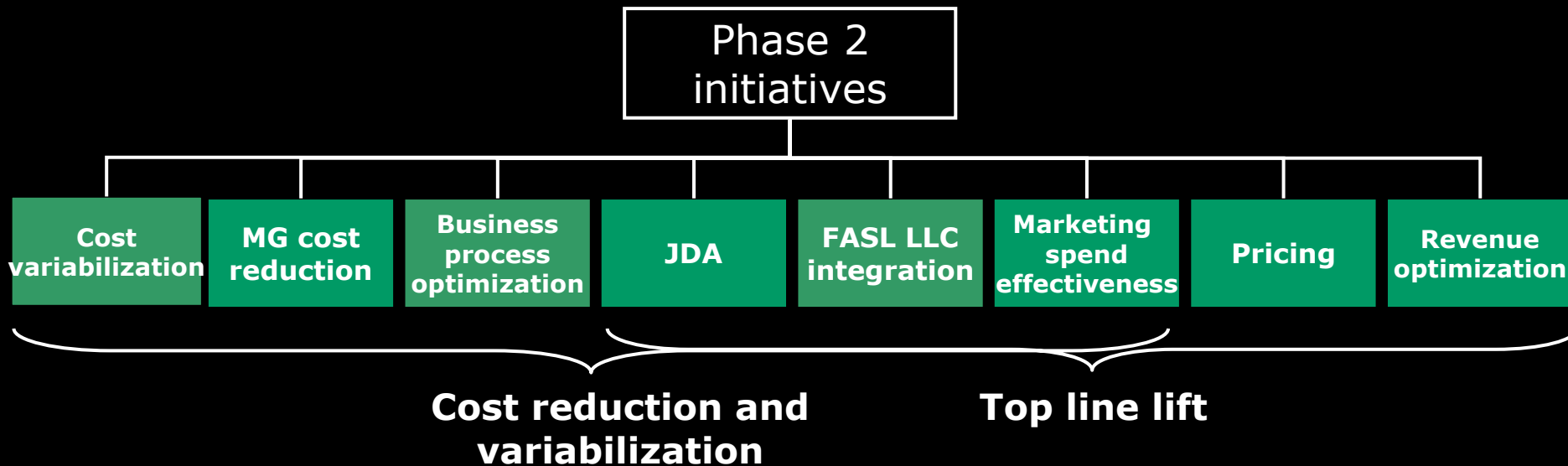


Phase 2: Operational Flexibility



Goals:

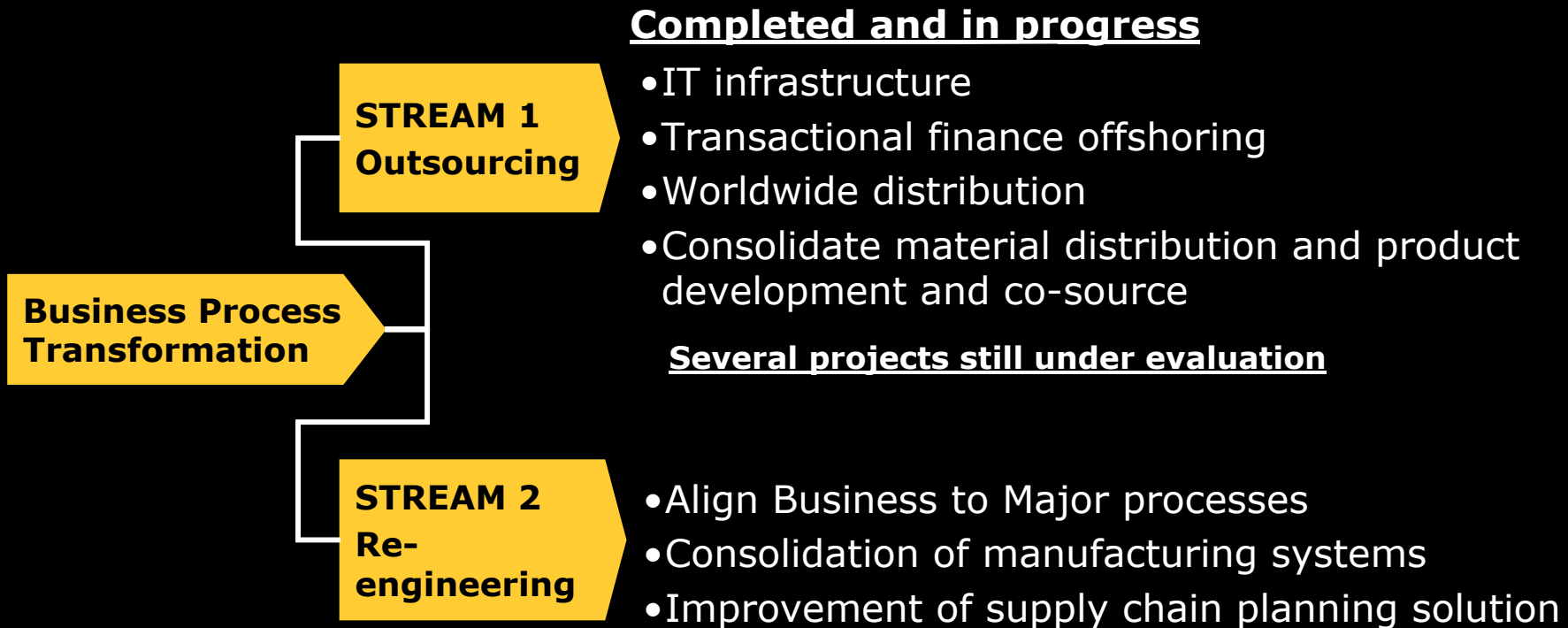
- Reduce and variabilize cost structure
- Produce top line lift through customer focus and internal disciplines
- Drive organizational change to disciplined, profit focused culture



**Drivers of culture of discipline and
maniacal focus on bottom line**

Goals:

- Achieve annual savings and variabilize AMD's cost structure



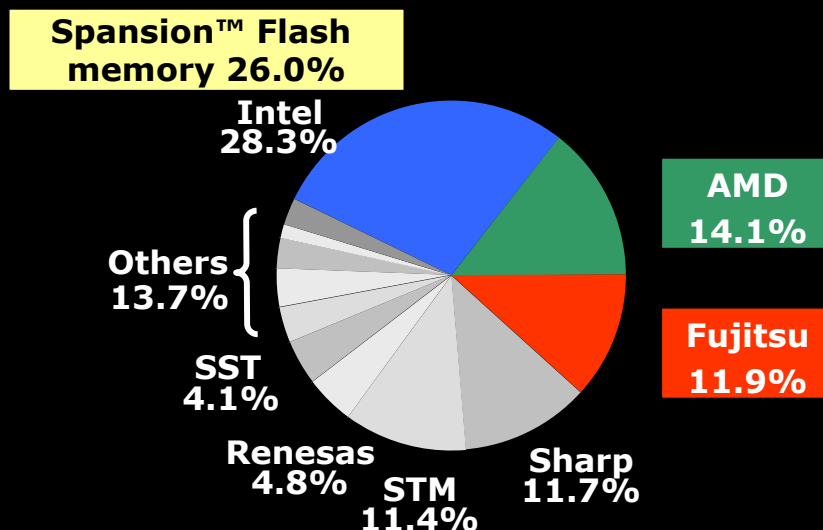
We've Restructured our Memory Operation for Clear Industry Leadership



FASL LLC Description

- Ownership: AMD 60%, Fujitsu 40%
- Headquarters: Sunnyvale
- Net book value of assets: approx. \$3B
- Employees: 7,000

1H 2003 NOR market share



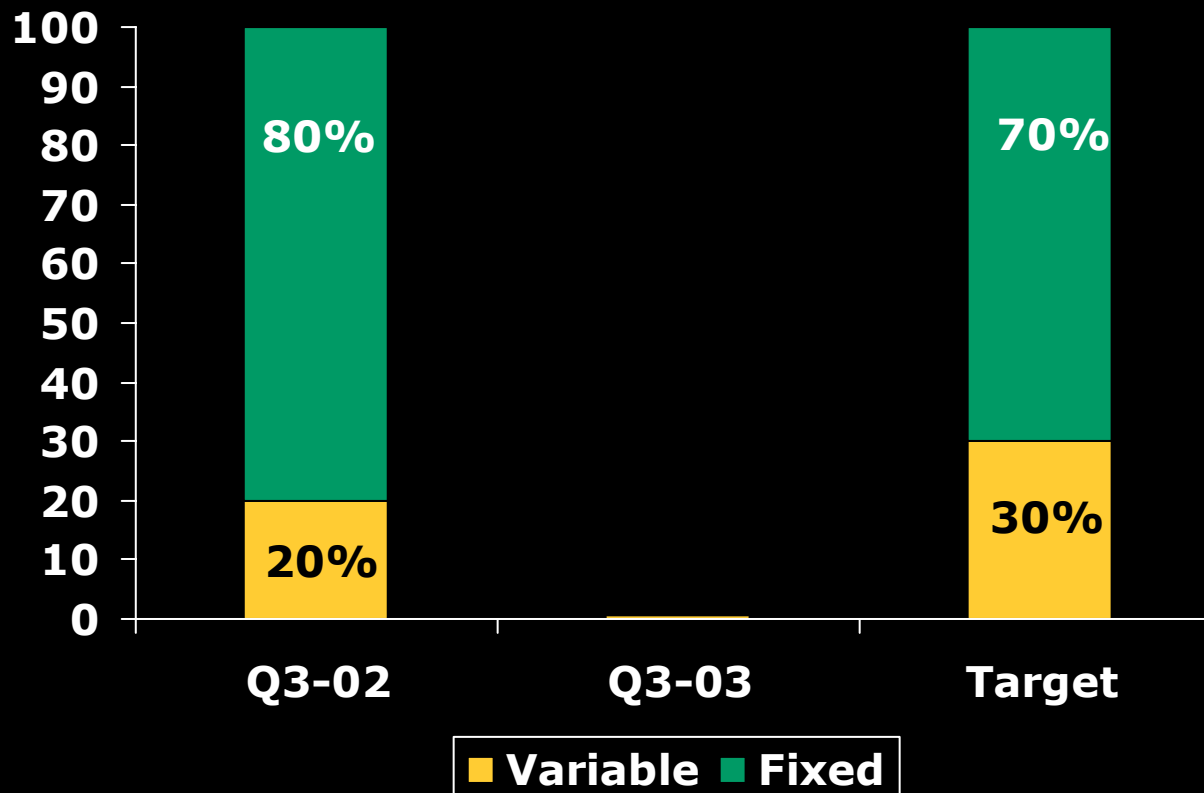
Key Synergies

- Same R&D spend; double the revenues
- Improved capacity utilization
- Consolidation of manufacturing facilities
- Other:
 - Increased purchasing power
 - Standardization of manufacturing flow
 - Consistent product portfolio management

Target Cost Structure



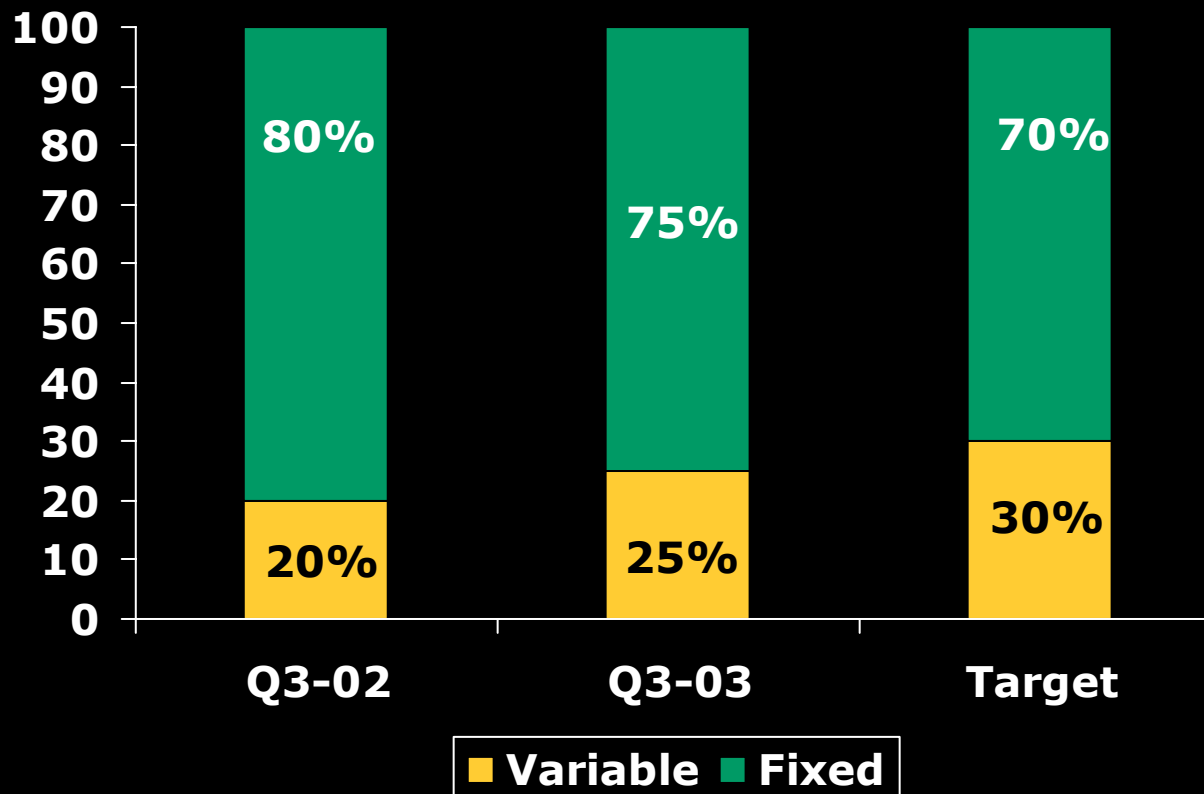
- Aim to increase variable costs as a % of overall costs



Target Cost Structure



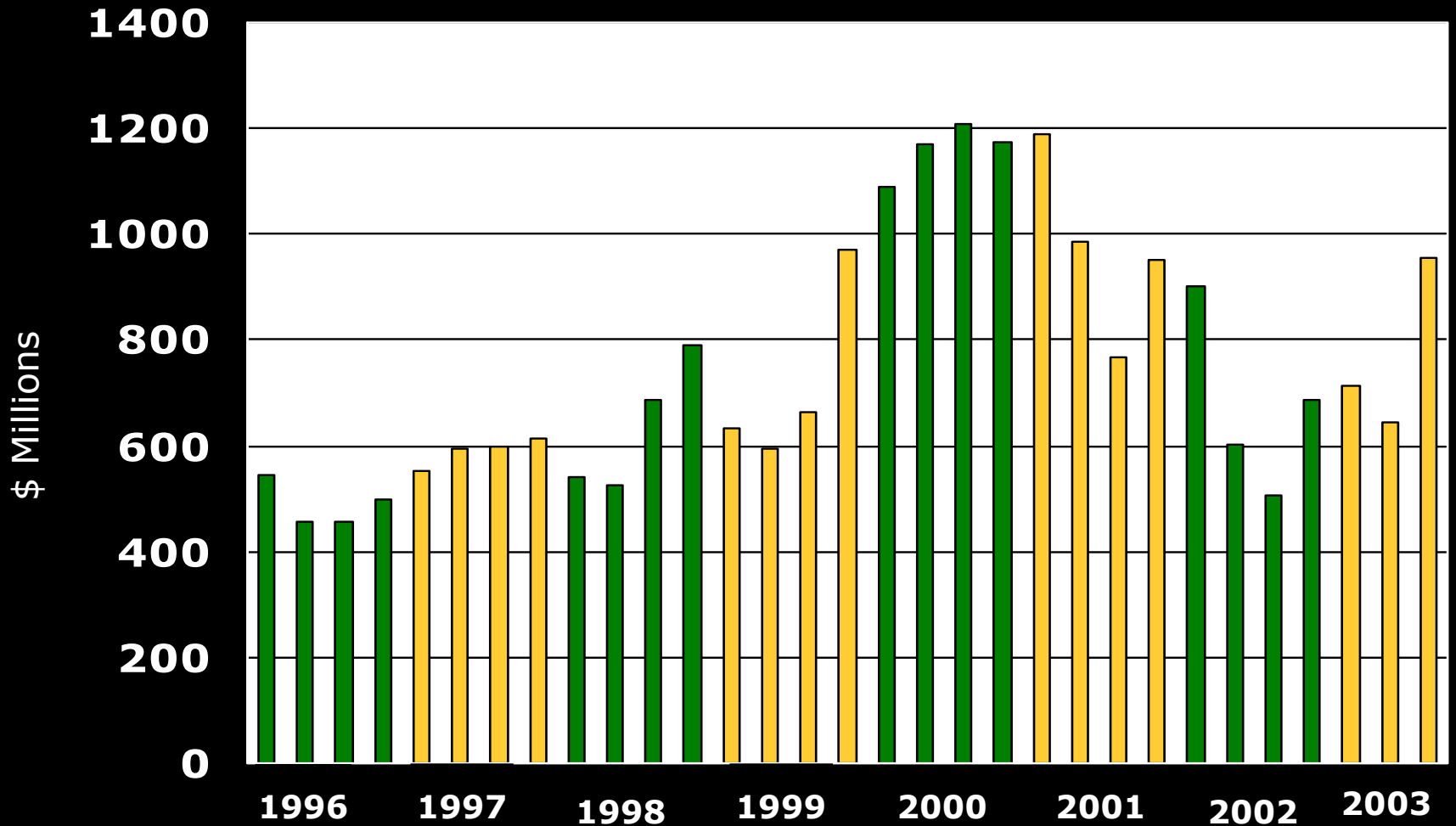
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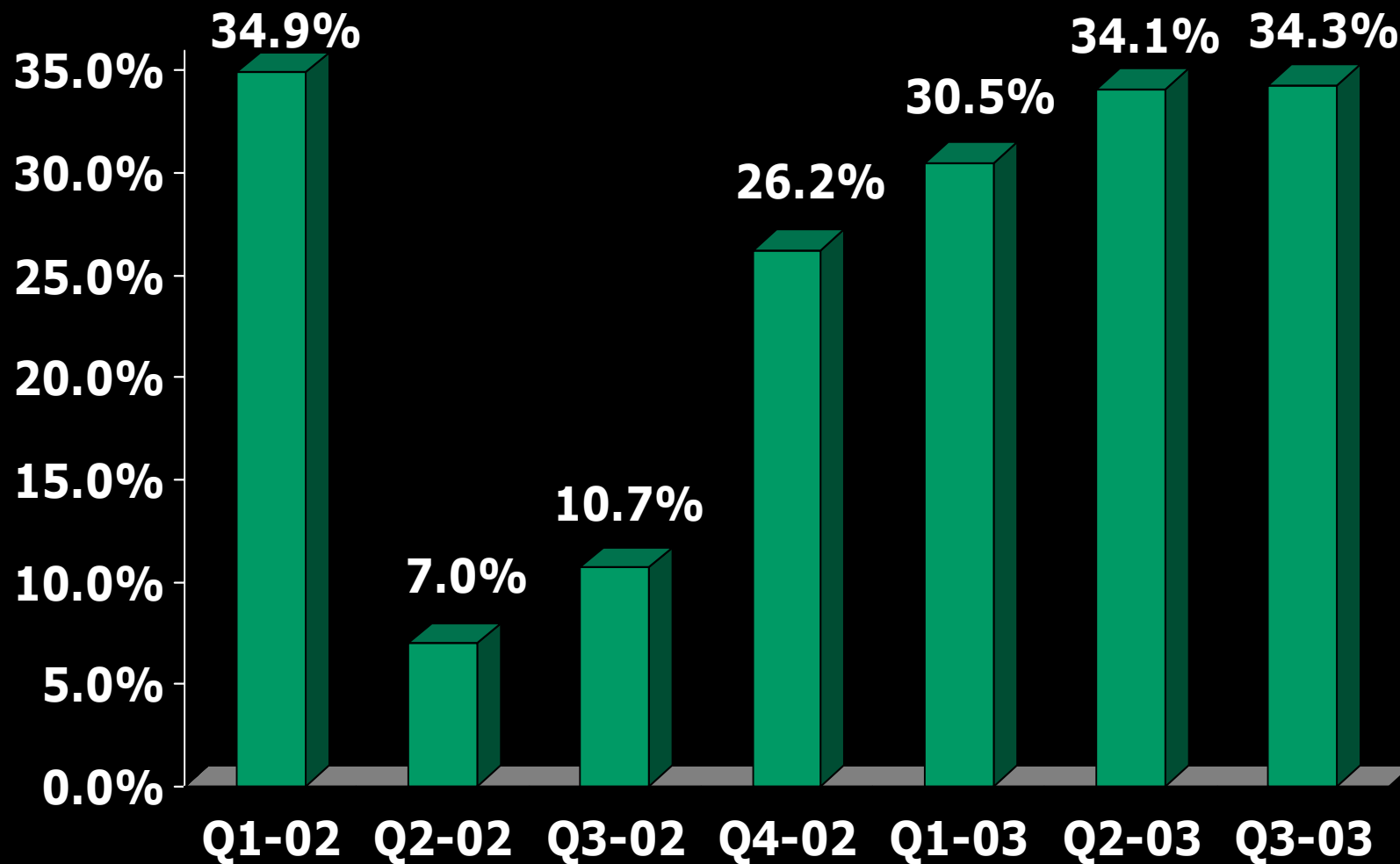
Quarterly Results



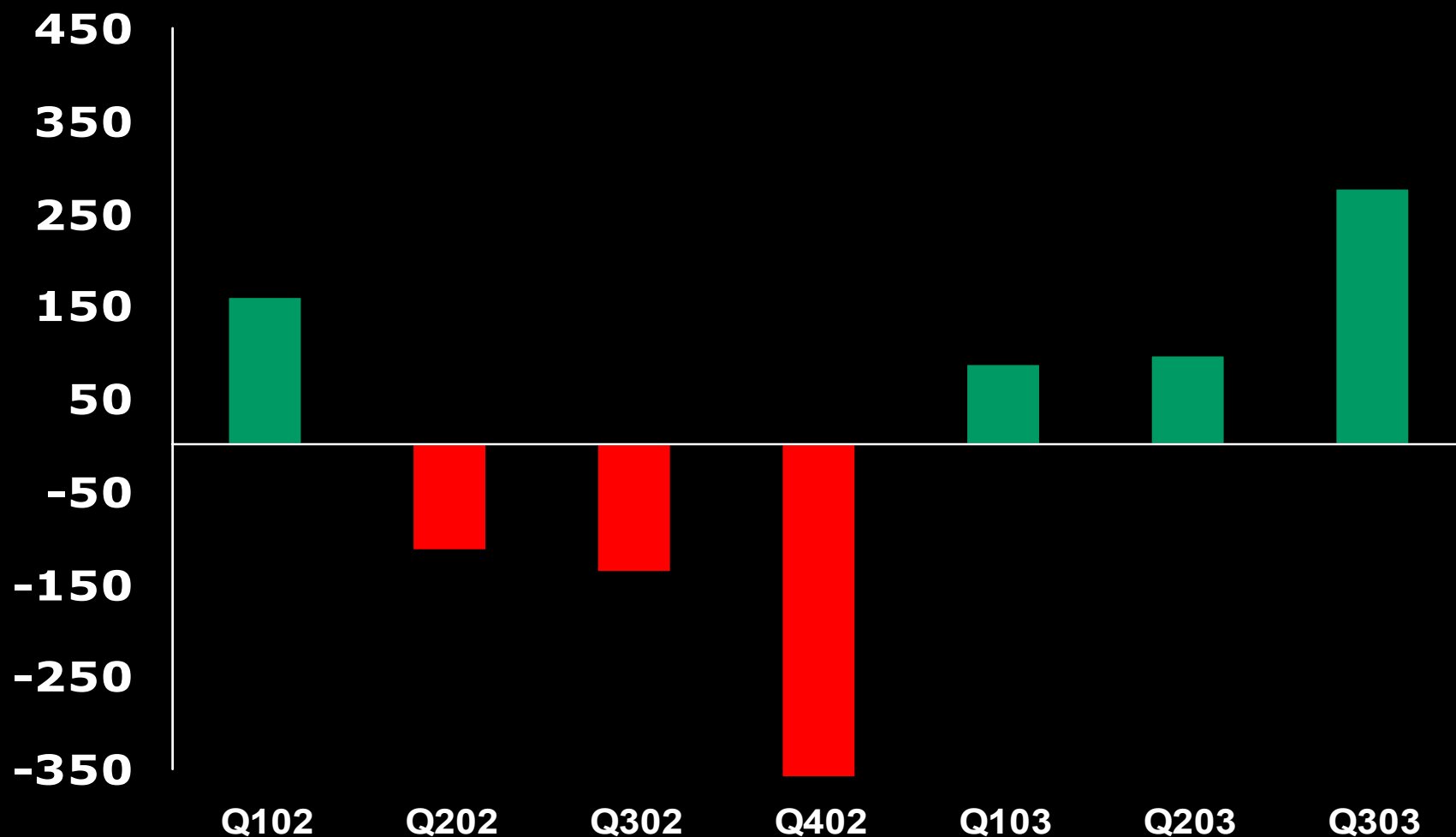
AMD Revenue



Improving Gross Margin



AMD EBITDA



Key Balance Sheet Ratios



	<u>Q3'03</u>	<u>Q3'02</u>
Cash	\$1,076m	\$866m
Working Capital	\$1,249m	\$852m
Current Ratio	2.0	1.7
DSO's	52	77

Long-term Model

Long-term Target Model



	<u>Q3-02</u>	<u>Q3-03</u>	<u>TARGET</u>
Revenue	100%	100%	100%
Gross margin	10.7%	34.3%	40-45%
R&D	43.5%	22.4%	14-16%
SG&A	<u>31.2%</u>	<u>15.8%</u>	<u>9-11%</u>
Operating Inc.	(64%)	(3%)	15-20%

Long-term Target Model



	<u>TARGET</u>		
Revenue	100%		
Gross margin	40-45%	{ FASL synergies Enterprise penetration MirrorBit™	
R&D	14-16%	{ IBM Technology Agreement FASL synergies	Operational Flexibility
SG&A	<u>9-11%</u>	{ Business process transformation activities	
Operating Inc.	15-20%		

- **Business model optimized for “operational flexibility”**
- **Healthy and growing core markets**
- **World-class design and manufacturing**
- **Portfolio of strong brands; solid pricing discipline**
- **Growing portfolio of world-class complementors and customers**
- **Pipeline of significant new growth opportunities**

This is the “New AMD”



Agenda



Hector Ruiz, President and Chief Executive Officer

Henri Richard, SVP, World-wide Sales & Marketing

Bill Siegle, SVP, Technology Operations and Chief Scientist

Bertrand Cambou, President and Chief Executive Officer, FASL LLC

Dirk Meyer, SVP, Computation Products Group

Billy Edwards, VP, General Manager, Personal Connectivity Solutions

Bob Rivet, SVP, Chief Financial Officer